

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 02035 01 OF 02 022034 Z

64

ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 AF-10

ARA-11 EA-11 NEA-10 OIC-04 RSR-01 /224 W

----- 088817

R 021935 Z MAY 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 9104

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 2035

PASS STR

E. O. 11652 N/A

TAGS: ETRD, GATT, US, EEC

SUBJECT: GATT ARTICLE XXIV:6 - THIRD FORMAL MEETING WITH EC

REFERENCES: GENEVA 1178 AND 1347

1. SUMMARY: U. S. DELEGATION'S OBJECTIVES IN MAY 1 MEETING
WITH COMMUNITY WERE: (1) TO RECORD AS COMPLETELY AS POSSIBLE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 02035 01 OF 02 022034 Z

EC ACCEPTANCE OR REJECTION OF US NEGOTIATING CLAIMS IN TERMS OF ACCEDING COUNTRY SCHEDULES TOGETHER WITH TRADE COVERAGE TO BE ASCRIBED TO EACH CLAIM; (2) TO RENEW IN PRESENCE OF REPRESENTATIVES OF MEMBER STATES US REQUEST THAT THE COMMUNITY ABANDON ITS POSITION THAT THE EC OF SIX HAS SUPPLIER INTERESTS IN ACCEDING COUNTRIES' CONCESSIONS BEING WITHDRAWN; (3) TO RE- EMPHASIZE US POSITION THAT ARTICLE XXIV:6 CALLS FOR NEGOTIATIONS AND AGREEMENT ON BOUND DUTIES TO BE WITHDRAWN OR INCREASED RATHER THAN MERELY ACCEPTANCE OR REJECTION OF A GLOBAL BALANCE OF DUTY INCREASES WITH DUTY DECREASES; AND (4) TO REACH AGREEMENT ON HOW TO PROCEED WITH NEGOTIATIONS, PREFERABLY BY NETTING OUT PROPOSED DUTY INCREASES BY TAKING INTO ACCOUNT INTERNAL COMPENSATION FOR EACH ITEM BEFORE TURNING TO ANALYSIS OF PLUSES AND MINUSES IN EC OFFER. US REP (PROPPS) PLACED IN RECORD ALL OF ABOVE POINTS. LENGTHY MEETING RESULTED IN NO CHANGES IN RESPECTIVE POSITIONS. AGREEMENT REACHED ON PROCEDURES TO BE FOLLOWED IN NEXT STAGE OF NEGOTIATIONS, THOUGH EXAMINATION WILL COVER ALL ITEMS, NOT JUST US CLAIMS.

2. STATUS OF CLAIMS. US REP SUBMITTED TO COMMISSION AND MEMBER STATE PARTICIPANTS WRITTEN STATEMENT OF US UNDERSTANDING OF STATUS OF CONSIDERATION OF US CLAIMS TOGETHER WITH DOCUMENTS SHOWING RESULTS OF TECHNICAL LEVEL TALKS, I. E., FOR EACH SUCH CLAIM, WHETHER THERE IS AGREEMENT ON TYPE OF NEGOTIATING/ CONSULTING RIGHT AND ON TRADE COVERAGE. THESE US DOCUMENTS, WHICH ARE MIRROR IMAGE OF EC DOCUMENTS, SHOW: (A) FOR AGRICULTURAL ITEMS, AGREEMENT ON ALMOST ALL STATISTICS AND RECOGNITION BY EC OF MOST US CLAIMS; (B) FOR INDUSTRIAL ITEMS, LESS AGREEMENT BOTH ON CLAIMS AND STATISTICS. THIS IS BECAUSE MANY US INDUSTRIAL CLAIMS DEPEND UPON SUPPLIER POSITION RATHER THAN RIGHTS OF INITIAL NEGOTIATION (AND APPLICATION BY EC OF ITS PRINCIPAL SUPPLIER RULES HAS CUT BACK PRINCIPAL SUPPLIER CLAIMS IT HAS ACCEPTED). EC ALSO UNWILLING TO ACCEPT AT THIS STAGE US FIGURES SHOWING FOR INDIVIDUAL ITEMS ONLY THAT PART OF TOTAL IMPORTS ON WHICH DUTY WILL BE INCREASED. EC HAS AGREED PROVISIONALLY ONLY ON TOTAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 02035 01 OF 02 022034 Z

IMPORTS BEING SHOWN, WITH REFINEMENT TO BE MADE IN SUBSEQUENT EXAMINATION ON BASIS OF CXT. SMALL BUT NUMEROUS DISCREPANCIES ALSO RESULT FROM EACH PARTY USING DIFFERENT EXCHANGE RATES FOR DOLLAR VALUE OF DENMARK' S 1971 INDUSTRIAL IMPORTS. EC USE OF 1970 EXCHANGE RATE FOR 1971 DANISH IMPORTS UNDERSTATES VALUE OF LATTER BY ABOUT 1.5 PERCENT. NO AGREEMENT

ON HOW THIS DISCREPANCY WILL BE RESOLVED.

3. PRINCIPLES. US REP ALSO SUBMITTED WRITTEN STATE-
MENT (USDEL 28) URGING COMMUNITY TO ABANDON ITS
POSITION ON SUPPLIER INTERESTS. THIS STATEMENT
OUTLINED DELEGATION' S VIEW AS TO WHY EC RECOGNITION
OF SIX AS PRINCIPAL SUPPLIER WITH R
E E E E E E E

ADP000
LIMITED OFFICIAL USE

PAGE 01 GENEVA 02035 02 OF 02 022043 Z

64
ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 AF-10

ARA-11 EA-11 NEA-10 OIC-04 /223 W
----- 088921

R 021935 Z MAY 73
FM USMISSION GENEVA
TO SECSTATE WASHDC 9105
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS UNN
USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 2035

PASS STR

E. O. 11652 N/ A
TAGS: ETRD, GATT, US, EEC
SUBJECT: GATT ARTICLE XXIV:6 - THIRD FORMAL MEETING WITH EC

REFERENCES: GENEVA 1178 AND 1347

5. CONSIDERATION OF PROCEDURES FOR NEXT STAGE OF

WORK EMPHASIZED DIFFERENCES BETWEEN US AND COMMUNITY
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 GENEVA 02035 02 OF 02 022043 Z

APPROACH TO NEGOTIATIONS. US REPRESENTATIVE REITERATED
US VIEW THAT ARTICLE XXIV:6 REQUIRES THAT CP WHICH
PROPOSES TO WITHDRAW CONCESSIONS NEGOTIATE ON EACH
PROPOSED INCREASE IN DUTIES HITHERTO BOUND IN GATT
WITH THE CP WHOSE TRADE IS AFFECTED BY SUCH INCREASE.

6. EC REP STRESSED THAT IN HIS OPINION THIS IS NOT A
SIMPLE ART XXVIII RENEGOTIATION WHERE SELECTED
CONCESSIONS WERE BEING WITHDRAWN AND WHERE SPECIFIC
COMPENSATION WOULD BE REQUIRED. RATHER THE CURRENT
EC APPROACH IS GLOBAL AND CHANGES IN ACCEDING COUNTRIES'
CONCESSIONS WERE NOT CONSIDERED ITEM- BY- ITEM.
NEGOTIATIONS SHOULD BE IN CONTEXT OF EC JANUARY OFFER
TO REBIND FOR COMMUNITY OF NINE THE EXISTING GATT
SCHEDULE OF EC OF SIX. HE BELIEVED THAT EXAMINATION
OF THIS OFFER TO SEE WHAT ADVANTAGES EC OF NINE IS
GIVING IN EXCHANGE FOR THOSE BEING WITHDRAWN BY
THREE WOULD RESULT IN DE FACTO ESTABLISHMENT OF
A LIST OF CONCESSIONS WHICH EC COULD PUT FORWARD
AS OFFERS. FOR EC TO NEGOTIATE ON PROPOSED DUTY
INCREASES, ITEM BY ITEM, WITH EACH INTERESTED CP
WOULD BE UNNECESSARILY CUMBERSOME AND COULD TAKE
YEARS, ACCORDING TO EC REP, HE SUGGESTED JOINT
US- EC EXAMINATION OF CXT OF NINE BE CONFINED TO
ITEMS OF CONSIDERABLE TRADE IMPORTANCE, FOR EXAMPLE
ITEMS WHERE US EXPORTS MORE THAN A CERTAIN FIGURE
(TO BE AGREED BETWEEN DELEGATIONS).

7. NEXT STEPS. COMMUNITY HAS NOW DEVELOPED
" NEGOTIATING FICHES" SHOWING US TRADE ON A CXT BASIS
WHICH IT EXPECTS TO MAKE AVAILABLE TO US SHORTLY.
LUYTEN PROPOSED THAT, STARTING WEEK OF MAY 7, THE TWO
DELEGATIONS EXAMINE ITEM- BY- ITEM THE CXT FOR SIGNIFICANT
TRADE ITEMS THE DEBITS AND CREDITS FOR THE US ARISING
FROM ACCEDING COUNTRIES' MOVING TO CXT RATES. HE IS
ADAMANT THAT COMMUNITY PLUSSES MUST BE EXAMINED AT SAME
TIME AS US CLAIMS, WHICH REPRESENT ONLY MINUSES.

8. US REP STATED US PREPARED PROMPTLY TO EXAMINE CXT
ITEM- BY- ITEM TO DETERMINE STATISTICAL FACTS WHICH
COULD BE TAKEN INTO ACCOUNT BY THE TWO DELEGATIONS
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 GENEVA 02035 02 OF 02 022043 Z

IN CONSIDERING US CLAIM AND EC OFFER. HE SAID
PURPOSE OF THIS REVIEW COULD NOT BE TO ARRIVE

AT JOINT ASSESSMENT OF US INTERESTS OR OF
ADVANTAGES AND DISADVANTAGES TO US OF EC SCHEDULE
IF APPLIED TO THE NINE. US WOULD MAKE ITS OWN
INDEPENDENT EVALUATION. HE SAID THE EXAMINATION
PROPOSED BY EC WOULD LEAVE TO LATER STAGE US
REQUESTS FOR MODIFICATION EC PROPOSAL TO TAKE INTO
ACCOUNT QUALITATIVE ASPECTS OF OFFER. HE INDICATED
US COULD CONSIDER LIMITING STATISTICAL EXAMINATION
TO IMPORTANT TRADE ITEMS PROVIDED THIS COULD BE DONE
WITHOUT PREJUDICE TO US CLAIMS.

9. COMMENT. US DEL OBJECTIVE OF HAVING AT THIS
STAGE COMPLETE SET OF GROSS CLAIMS (TOGETHER WITH
TRADE COVERAGE) RECOGNIZED FORMALLY BY EC HAS BEEN
PARTIALLY ACHIEVED. US DEL HAS FORMALLY RECORDED
ITS UNDERSTANDING OF EC ACKNOWLEDGEMENT OF SUBSTANTIAL
PORTION OF SUCH CLAIMS AND EC HAS GIVEN US CONFIRMATORY
DOCUMENTS. RECORD TO DATE THUS GIVES US MUCH OF WHAT
WE MIGHT NEED TO SUBSTANTIATE US GROSS CLAIMS IN
SCHEDULES OF DENMARK, IRELAND AND UK IN CASE OF ANY
POSSIBLE FUTURE DISPUTE. WE ALSO HAVE EC AGREEMENT
TO PROCEED PROMPTLY WITH NEXT STEP OF NEGOTIATION
ALTHOUGH NOT ON BASIS PREFERRED BY US. EC'S INSISTENCE
ON ITS PRINCIPAL SUPPLIER RULES APPEARS TO BE
FIRM. WE HAVE HAD INFORMAL INDICATIONS THA
E E E E E E E

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 02 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973GENEVA02035
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730533/aaaahkaf.tel
Line Count: 247
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 02 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Aug-2001 by shawdg>; APPROVED <10-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971117
Subject: N/A
TAGS: ETRD, US, EEC, GATT
To: BONN
BRUSSELS
COPENHAGEN
DUBLIN
EB
LONDON
LUXEMBOURG

SECSTATE WASHDC

THE HAGUE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005